SINCAP GROUP LIMITED
(Company Registration No. 201005161G)
Incorporated in the Republic of Singapore

DEBT RESTRUCTURING WITHIN THE GROUP

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1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of Sincap Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's previous announcements dated 27 November 2018 and 19 December 2018 in relation to the Company's acquisition of additional shares in Orion Energy Resources Pte. Ltd. ("**Orion**") from Magnigrow Capital Pte. Ltd. ("**MCPL**") (the "**Orion Acquisition**").

The Board wishes to announce that the Company has on 15 December 2022 entered into a deed (the "**Deed**") with MCPL and Mr. Chu Ming Kin, the Executive Chairman and Chief Executive Officer ("**CEO**") of the Company ("**Mr. Chu**" and together with the Company and MCPL, the "**Parties**" and each or any of them a "**Party**"), to, among others, fully and finally settle all amounts outstanding under the bond which was previously issued by the Company to MCPL (following which the said bond shall be terminated and cancelled) and deem the consideration payable by the Company for the Orion Acquisition to be satisfied and fulfilled in its entirety notwithstanding the foregoing settlement and termination (the foregoing transactions contemplated pursuant to the Deed hereinafter collectively referred to as the "**Internal Debt Restructuring**"). Further details on the Orion Acquisition and the Internal Debt Restructuring are set out in this announcement below.

2. THE ORION SPA AND THE BOND

2.1 On 27 November 2018, the Company had entered into a conditional sale and purchase agreement (the "**Orion SPA**") with MCPL for the purchase by the Company from MCPL of 7,595,000 ordinary shares in Orion Energy Resources Pte. Ltd. (each an "**Orion Share**"). The 7,595,000 Orion Shares represented approximately 48.97% of the then entire issued share capital of Orion. Prior to completion of the Orion Acquisition, the Company held 7,910,100 ordinary shares in Orion which comprised 51% of the entire issued share capital of Orion then. Following the completion of the Orion Acquisition on 19 December 2018, the Company held 99.97% of the shares in the entire issued share capital of Orion.

2.2 Pursuant to the Orion SPA, the consideration for the Orion Acquisition was S$12,000,000 and was satisfied by the issuance of a 3-year non-listed, non-tradable convertible bond by the Company to MCPL with an aggregate value of S$12,000,000 (the "**Bond**"). The key terms of the Bond (which were previously announced on 27 November 2018) are set out again below for ease of reference.

Issue date of Bond	19 December 2018
Principal value	S$12,000,000
Interest	5% per annum payable annually. No interest is payable on the Bond after the Maturity Date (as defined below). No interest is payable on the part of the Bond that has already been redeemed by the Company.
Maturity Date	19 December 2021 (the "**Maturity Date**") but the Company is entitled at its discretion to redeem the Bond in whole or in part any time before maturity.
Redemption	The Bond may be redeemed, at the Company's option, through cash payment and/or through conversion of the Bond into new ordinary shares in the capital of the Company ("**Redemption Shares**"). In deciding the method of redemption, the Company will monitor its shareholdings and ensure that Redemption Shares will not be issued to MCPL such that: (a) MCPL and/or any person who may have an interest in such Redemption Shares through MCPL will become a controlling shareholder of the Company, as defined under the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**" and any reference to a "**Rule**" in this announcement shall, unless the context otherwise requires, refer to a Catalist Rule) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); or (b) a mandatory offer is triggered in accordance with the Singapore Code on Take-overs and Mergers.

2.3 As at the date of this announcement, the details of the Bond which has not been redeemed or paid by the Company is set out in the table below:

DESCRIPTION	**S$**
Principal value of the Bond	12,000,000
Less: Total redemption of the Bond to date	(11,164,860)
Outstanding principal value of the Bond	**835,140**
Interests accrued up to and including the Maturity Date (unpaid)	410,867
Total outstanding amount payable to MCPL (referred to as the "Debt")	**1,246,007**

2.4 As at the date of this announcement, the Company has redeemed S$11,164,860 of the principal value of the Bond through cash payment. There has been no redemption of the Bond in new ordinary shares of the Company since the date of its issue.

3. RATIONALE FOR ENTRY INTO THE DEED

The Board is of the view that the Internal Debt Restructuring is necessary and is in the interests of the Company and its shareholders for the following reasons:

3.1 The Company's financial position renders it difficult to settle the Debt

3.1.1 Whilst the Company had redeemed a substantial portion of the principal value of the Bond (as set out in the table in paragraph 2.3 above), the Company has not been able to redeem the remaining principal value of the Bond of S$835,140 as the Company's trading business faced significant headwinds caused by major supply chain disruption triggered by the COVID-19 pandemic, which had resulted in the Company facing severe cashflow issues. The Company had also failed to secure any financial means in the past for its working capital.

3.1.2 The management of the Company has highlighted to MCPL that: (i) the Company's existing cash balance is insufficient to repay all the outstanding debts; (ii) the Company has been unable to generate any revenue for more than 12 months despite the management's efforts amidst market volatility and uncertainty; and (iii) the Company's shares have been suspended from trading since 4 May 2021. The Company had also previously disclosed these details in the announcements released by the Company on 22 May 2022, 26 August 2022 and 21 September 2022.

3.1.3 Having considered the above (particularly the Company's financial position), Mr. Chu, who was also the Executive Chairman and CEO during the time when the Orion Acquisition was initiated and completed, has agreed to first make payment of the amounts due under Bond, on behalf of the Company, in order to fully and finally settle all amounts outstanding thereunder. The amount paid by Mr. Chu will thereafter become a debt owing by the Company to Mr. Chu, further details of which are set out in paragraph 5 of this announcement. To facilitate the foregoing, Mr Chu has negotiated with MCPL, and MCPL has agreed, that a reduced sum of S$600,000 (instead of the Debt amount of

S$1,246,007) shall be paid to MCPL by Mr. Chu on behalf of the Company as full, final and irrevocable settlement of all payments due from, and obligations owed by, the Company in connection with the subject matter of the Bond. As at the date of this announcement, the Parties have thus entered into the Deed to record and formalise the Parties' mutual agreement to fully and finally settle the Debt, and terminate and cancel the Bond.

3.2 **The Internal Debt Restructuring could facilitate the Proposed Reorganisation**

3.2.1 On 12 August 2022, the Company announced the entry into a binding heads of agreement (the "**HOA**") with a professional investor (the "**Professional Investor**"), subject to certain terms and conditions being fulfilled such that the Company could pursue its turnaround plans under the strategic guidance of the Professional Investor, including an acquisition to be initiated by the Company which will be subject to the requirements of a "reverse takeover" under Catalist Rule 1015 (the "**Potential RTO**"). On 21 September 2022, the Company announced in its corporate update announcement that it has, among others, initiated an operational review of its existing business and organisation structures under the strategic guidance of the Professional Investor with a view to ensure that the Company is able to implement new investment strategies under the Potential RTO without the lingering effects of the Company's legacy operations. Following the operational review, the Professional Investor has proposed a major reorganisation plan for the legacy business, which may involve certain commercial structures and lead to the de-consolidation of certain key assets from the Group and streamlining of existing corporate structure (the "**Proposed Reorganisation**") for the Company to proceed with preparation for the Potential RTO.

3.2.2 In light of the above, the Company believes that the Internal Debt Restructuring could facilitate the process for the Proposed Reorganisation (which is subject to the Company seeking and obtaining the relevant pre-clearance(s) from the SGX-ST, as further described in paragraph 3.2.3 below).

3.2.3 As disclosed in the corporate update announcement dated 21 September 2022, the Company has appointed SAC Capital Private Limited ("**SAC Capital**") to seek pre-clearance from the SGX-ST for the Proposed Reorganisation (the "**Pre-Clearance**"). As set out in the Company's announcement dated 25 November 2022, SAC Capital, on behalf of the Company, intends to submit the Pre-Clearance to SGX-ST through the Sponsor by the end of December 2022, barring unforeseen circumstances. The Company will provide an update on the outcome of the Pre-Clearance, including details of the Proposed Reorganisation and the proposed commercial structures (details of which have not been disclosed at this juncture as the Proposed Reorganisation remains commercially sensitive) as soon as there are material developments on the Proposed Reorganisation and/or the Pre-Clearance.

4. KEY TERMS OF THE DEED

The key provisions of the Deed are set out below.

Full and Final Settlement of the Debt and Termination of the Bond	• In consideration of MCPL's receipt of the payment of the sum of S$600,000 by Mr. Chu, MCPL irrevocably and unconditionally agrees and undertakes with the Company that such payment shall constitute, immediate full, final and irrevocable settlement of the Debt and all other payments due from, and obligations owed by, the Company in connection with the Bond. • With the foregoing settlement, the Bond shall be cancelled and terminated in its entirety and all and each of (a) the Orion SPA and any contract, agreement, undertaking, arrangement, transaction, commitment, promise or understanding (in each case whether in written or oral form) in connection with the foregoing but excluding the Deed; (b) the terms and conditions of the issue of the Bond (as may be amended, modified and/or supplemented from time to time); and (c) any other contract, agreement, undertaking, arrangement, transaction, commitment, promise or understanding (in each case, whether in written or oral form) in relation to the Orion SPA and the Bond (or any of them) (collectively, the "**Bond Documents**") shall also immediately cease and terminate in their entirety. Each of the Company and MCPL further irrevocably and unconditionally and completely and forever: (a) releases and discharges each other from all their liabilities, obligations and undertakings under or otherwise relating to the Bond and the Bond Documents; and (b) waives any and all manners of rights, claims, demands, actions, suits, proceedings, causes of action, debts, costs, interests, damages, losses and breaches which each of them may have against the other (whether in the past, present or future) under or otherwise relating to the same.
Payment on Behalf	As the foregoing payment of the sum of S$600,000 by Mr. Chu was made for and on behalf of the Company, such sum constitutes amounts owing and payable by the Company to Mr. Chu (the "**Loan**"). The terms and conditions of the Loan are detailed in paragraph 5 of this announcement.
Orion Acquisition	In respect of the Orion SPA, notwithstanding the foregoing settlement and termination of the Bond, the Company's obligation to pay the consideration for the Orion Acquisition is in all circumstances deemed irrevocably satisfied and fulfilled in its entirety in compliance with the terms of the Orion SPA, and nothing in the Deed shall in any manner affect the completion of the Orion Acquisition under the Orion SPA.

Indemnity and Undertaking	Notwithstanding anything in the Deed and any provisions of the Bond Documents: (a) if the settlement of the Debt becomes unenforceable for any reason whatsoever; (b) if for any reason or at any time any demand or claim is made by (or on behalf of) MCPL or by any person appointed as liquidator, judicial manager, receiver or receiver and manager over MCPL or any of MCPL's assets against the Company for payment of the Debt (or any part thereof) or otherwise relating to the Debt (or any part thereof); or (c) if any other event or circumstance (whether in a series and whether connected or not) arises, which results (or may result) in the Company having to pay any monies in respect of, in connection with or otherwise relating to the Debt (or any part thereof) or the Bond on terms other than as contemplated in the other parts of the Deed, Mr. Chu shall, whether as an independent and primary obligation or otherwise, fully indemnify the Company on demand against (and undertakes to pay to the Company on demand) any cost, loss or liability which the Company incurs (or may incur) as a result of or in connection with any of the foregoing.

5. LOAN FROM DIRECTOR AND CHIEF EXECUTIVE OFFICER, WITH NO AMOUNT AT RISK

5.1 Key Terms of the Loan

The key terms and conditions of the Loan are set out below.

Amount of Loan	S$600,000 (being the payment by Mr. Chu made for and on behalf of the Company as full and final settlement of the Debt)
Lender	Mr. Chu Ming Kin, the Executive Chairman, CEO and Director of the Company
Interest	The Loan shall be on an interest-free basis.
Security	The Loan is unsecured.
Repayment	The Company shall repay 10% of the Loan (being the sum of S$60,000) (such part of the Loan hereinafter referred to as the "**Initial 10%**") in cash on or before 31 March 2023. The Company's obligations to repay the remaining 90% of the Loan (being the sum of S$540,000) (hereinafter referred to as the "**Remaining Loan**") shall be subject to the fulfilment of each of the following conditions (the "**Repayment Conditions**" and each a "**Repayment Condition**") to the Company's satisfaction:

	(a) the Company having received in-principle approval from the SGX-ST to undertake (whether directly or indirectly) the Potential RTO; (b) the independent directors of the Company having formed the opinion (in their discretion and on such basis as they deem fit and whether in consultation with the management of the Company, the independent auditors of the Company or otherwise) that the repayment of the Remaining Loan (or any part of the Remaining Loan and whether in cash or in ordinary shares in the issued share capital of the Company ("**Shares**" and each a "**Share**") or in a combination of cash and Shares): (i) will not, or is not expected to, (whether taken into consideration on its own or together with any other factors or events including the repayment of the Initial 10%) affect the ability of the Company, the Group or any other Group Company to continue as a going concern or to fulfil its other repayment obligations in the next 12 months following the date of repayment of the Remaining Loan (or any part of the Remaining Loan and whether in cash or in Shares or in a combination of cash and Shares); (ii) will not, or is not expected to, (whether taken into consideration on its own or together with any other factors or events including the repayment of the Initial 10%) give rise to any material uncertainty that may cast significant doubt on the ability of the Company, the Group or any other Group Company to continue as a going concern; (iii) will not, or is not expected to, (whether taken into consideration on its own or together with any other factors or events including the repayment of the Initial 10%) give rise to any difficulty in management's use of the going concern basis of accounting in preparing the financial statements of the Company, the Group or any Group Company; and/or (iv) will not, or is not expected to, (whether taken into consideration on its own or together with any other factors or events including the repayment of the Initial 10%) give rise to the independent auditors of the Company issuing any adverse opinion, disclaimer of opinion, qualified opinion or emphasis of a matter (including a material uncertainty relating to going concern) on the financial statements of: (A) the Company; or (B) any other Group Company, if the adverse opinion, disclaimer of opinion, qualified opinion or emphasis of a matter has a material impact on the consolidated accounts of the Group or the Group's financial position; and (c) any other conditions to be imposed as the Company shall deem fit (acting reasonably) to facilitate completion of the Potential RTO (or to otherwise not adversely affect the completion of the Potential RTO).

	The Repayment Conditions are for the benefit of the Company, and the Company may, acting in its sole and absolute discretion, at any time waive in whole or in part and conditionally or unconditionally any of the Repayment Conditions by giving notice in writing to Mr. Chu.
Manner of repayment	Subject to mutual agreement in writing between the Company and Mr. Chu, the Remaining Loan may be repaid in any one of the following means: • entirely in cash; • entirely by way of issuance of Shares; or • partly in cash and partly by way of issuance of Shares, Provided Always That any allotment and issuance of such Shares shall not result in Mr. Chu holding interests (whether direct or deemed interests) in 15.0% or more of the share capital of the Company (on an enlarged basis immediately following completion of such allotment and issuance). For the avoidance of doubt, any issuance of Shares shall be subject to, among others, mutual agreement in writing between the Company and Mr. Chu regarding the terms of such issuance (including the issue price of each Share and number of Shares to be issued), and all relevant approvals of the shareholders of the Company as required under the Catalist Rules and any other applicable laws having been obtained and not revoked and the Company having received the relevant approval from the SGX-ST for the listing and quotation of such Shares to be issued on the Catalist Board of the SGX-ST. The Company will make the requisite announcements in compliance with the requirements of the Catalist Rules and will also issue and despatch a circular to shareholders of the Company containing the necessary information to seek for the approvals required, in the event that mutual agreement in writing is reached to repay the Remaining Loan (or any part thereof) in Shares.
Maturity Date for the Remaining Loan	The Remaining Loan shall not become payable until and unless all the Repayment Conditions are satisfied (or otherwise waived by the Company). For so long as the Repayment Conditions are not satisfied (or waived, as the case may be), Mr. Chu will not demand or claim or initiate any action, suit or proceeding for, and shall procure that no such demand or claim or any such action, suit or proceeding is made and/or initiated for, the payment of the Remaining Loan.
Variation to terms of Loan	Notwithstanding the above, the Company and Mr. Chu shall be entitled to vary any of the terms relating to repayment of the Loan subject to their mutual agreement in writing. The Company will make the necessary announcement(s) as and when there are such material variations and as required for compliance with requirements under the applicable Catalist Rules.

5.2 **Interested Person Transaction**

Mr. Chu is the Executive Chairman, CEO and Director of the Company and is thus an interested person of the Company within the meaning of Chapter 9 of the Catalist Rules vis-a-vis the Company, which is regarded as an "entity at risk". Accordingly, pursuant to Chapter 9 of the Catalist Rules, the Loan (which is a form of "financial assistance" as defined under the Catalist Rules) from Mr. Chu (as the interested person) to the Company (as the entity at risk) constitutes an interested person transaction.

Rule 909(3) of the Catalist Rules provides that the value of a transaction is the amount at risk to the issuer and in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. As the Loan constitutes the provision of financial assistance to the Company (i.e. borrowing of funds from an interested person) and is non-interest bearing, for the purposes of Chapter 9 and pursuant to Rule 909(3) of the Catalist Rules, the amount at risk to the Company and correspondingly the total value of this transaction is zero.

6. FINANCIAL EFFECT

Save for the professional fees and incidental expenses incurred in connection with the preparation of the Deed, the Internal Debt Restructuring is expected to have a positive impact on the Group's consolidated earnings and net tangible assets for the financial year ending 31 December 2022 as this exercise, upon completion, will reduce the Group's liabilities by approximately S$0.65 million.

7. INTERESTS OF DIRECTORS

Save for the disclosure in this announcement under section titled "Interested Person Transaction" and their respective directorships and/or shareholding interests in the Company and/or its subsidiaries (as the case may be), none of the Directors or their associates or, as far as the Company is aware, controlling shareholders of the Company or their associates, has any interest, direct or indirect, in relation to the Deed and the transactions contemplated thereunder.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts in respect of the Deed, the Internal Debt Restructuring and the transactions contemplated thereunder, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a name source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

9. CAUTIONARY STATEMENT

The shares in the Company have been suspended from trading since 4 May 2021. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully and to exercise caution when dealing in the securities of the Company.

While the Internal Debt Restructuring may, as disclosed in this announcement, facilitate the Proposed Reorganisation (which is to be initiated in connection with the HOA previously entered into by the Company with the Professional Investor), shareholders should note that the transactions contemplated under the HOA remain subject to, amongst others, certain conditions precedent being fulfilled, the Pre-Clearance being obtained and definitive agreements being executed. As such, there is no certainty or assurance that the Professional Investor will proceed with all or any of the transactions contemplated under the HOA or the Proposed Reorganisation, or that such transactions and the Proposed Reorganisation (or any of them) will be undertaken at all or completed. There is also no certainty that the Company will be able to receive approval for the resumption of trading of its shares.

Although the shares of the Company are under suspension, shareholders and potential investors of the Company are advised to read this announcement and any past and future announcements of the Company carefully when dealing with the shares and securities of the Company. In the event of any doubt, shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants and other professional advisers.

By Order of the Board
SINCAP GROUP LIMITED

Tay Boon Zhuan, Max
Independent Director
15 December 2022

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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